

Exhibit B

MIN

ADJUSTABLE RATE NOTE

(First Five Years - Fixed Rate, Reduced Initial Payments, 12MTA)

THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT DURING THE FIRST FIVE YEARS OF THIS NOTE, MY MONTHLY PAYMENT MAY NOT FULLY PAY THE INTEREST THAT ACCRUES AS A RESULT, THE PRINCIPAL AMOUNT I REPAY MAY BE LARGER THAN THE AMOUNT I ORIGINALLY BORROWED, BUT NOT MORE THAN 120 000% OF THE ORIGINAL AMOUNT (OR \$1,086,000 00) THIS NOTE LIMITS THE MAXIMUM INTEREST RATE I MUST PAY AND MY INTEREST RATE CAN NEVER EXCEED THE LIMIT STATED IN THIS NOTE

OCTOBER 25, 2006
[Date]

ORINDA,
[City]

CALIFORNIA
[State]

3300 KIRKHAM STREET, SAN FRANCISCO, CA 94122
[Property Address]

1 BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U S \$905,000 00 (this amount is called "Principal"), plus interest, to the order of the Lender The Lender is NL, INC , A CALIFORNIA CORPORATION

I will make all payments under this Note in the form of cash, check or money order

I understand that the Lender may transfer this Note The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder "

2 INTEREST

Interest will be charged on unpaid Principal until the full amount of the Principal has been paid This Note carries an Initial Fixed Interest Rate of 7 250% until the last day of the Initial Period The period from the date of this Note until the last day of the 60th month following the First Payment Date is called the "Initial Period " The First Payment Date is specified in section 3(A) of this Note After the Initial Period, the interest rate I will pay may change in accordance with Section 4 of this Note

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay both before and after any default described in Section 7(B) of this Note

3 PAYMENTS

(A) Time and Place of Payments

I will make payments every month In this Note, unless otherwise specified, "payment" refers to Principal and interest payments only, although other charges such as taxes, insurance and/or late charges may also be payable with monthly payments

I will make monthly payments on the first day of each month, beginning on the first day of the second month that follows the month of the date of this Note, or DECEMBER 1, 2006, the First Payment Date "

After the Initial Period, I will make monthly payments on the first day of every month as provided in sections 4(G) and 4(H) of this Note

Each monthly payment will be applied to interest before Principal If, on NOVEMBER 1, 2046, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date "

I will make my monthly payments at

3201 DANVILLE BLVD, #195
ALAMO, CA 94507

or at a different place if required by the Note Holder

(B) Amount of My Initial Monthly Payments

Subject to section 4(F), during the Initial Period, my monthly payment will be in the amount of U S \$2,740 57 This minimum monthly payment is not based on the Initial Stated Interest Rate and will not fully pay the interest that accrues each month during the Initial Period Effective upon the first Payment Change Date, my monthly payment will be calculated as provided in section 4(G) or section 4(H) of this Note, as applicable

(C) Monthly Payment Changes

After the Initial Period, changes in my monthly payment will reflect changes in the unpaid Principal of my loan and interest rate that I must pay The Note Holder will determine my new interest rate and the changed amount of my monthly payment as provided in section 4(G) or section 4(H) of this Note as applicable

NL EZ PAY (07/06)

5 Year Fixed Rate, Payment Options, ADJUSTABLE RATE NOTE (12 Month MTA)
Online Documents Inc

Page 1 of 4

Initials

• BVW
P5593NOT 0609

LOAN #

4 INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on **NOVEMBER 1, 2011**, and on that day every month thereafter. Each date on which my interest rate could change is called a "Change Date."

(B) The Index

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the Twelve-Month Average, determined as set forth below, of the annual yields on actively traded United States Treasury Securities adjusted to a constant maturity of one year as published by the Federal Reserve Board in the Federal Reserve Board Statistical Release entitled "Selected Interest Rates (H 15)" (the "Monthly Yields"). The Twelve-Month Average is determined by adding together the Monthly Yields for the most recently available twelve months and dividing by 12. The most recent Index figure available 15 days before the first Change Date and each Change Date thereafter is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of and Effective Date of Rate Changes

After the Initial Period, my new interest rate will be calculated by adding **THREE AND ONE-FOURTH** percentage point(s) (**3 2501**) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-thousandth of one percentage point (0.001%). Subject to the limits stated in Section 4(D) below, my new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment due date after the first Change Date until the amount of my monthly payment changes again as provided in the Note. The date on which my payment changes is called a "Payment Change Date."

(D) Limits on Interest Rate Changes

The interest rate I am required to pay upon the first Change Date and each Change Date thereafter will not be less than the Margin. My interest rate under this Note will never be greater than **9.950%**.

(E) Initial Monthly Payment Amounts, Possibility of Negative Amortization

During the Initial Period, my minimum required monthly payment will be less than the amount of interest that accrues on the Principal balance of the loan at the Initial Fixed Rate. During the Initial Period, for each month that my monthly payment is less than the amount of interest that accrues on the Principal balance of the loan at the Initial Fixed Rate, the Note Holder will subtract the amount of the monthly payment from the amount of the interest that accrues on the Principal balance of the loan for that month and add the difference to the Principal balance of my loan and interest will accrue on the amount of this difference at the Initial Fixed Rate.

(F) Limit on My Unpaid Principal Balance, Increased Monthly Payment

During the Initial Period, the unpaid Principal balance of the loan can never exceed a maximum amount equal to **120.000%** of the Principal amount originally borrowed. In the event the unpaid Principal would otherwise exceed that **120.000%** limitation, the Note Holder will determine the amount of the monthly payments based on the amount sufficient to repay the interest that accrues on the Principal balance of the loan (including previously accrued, unpaid and capitalized interest) at the Initial Fixed Interest Rate. This amount will be my new minimum monthly payment until the first Payment Change Date.

(G) Calculation of Payment Changes and Payment Amounts after Initial Period until Month 121

After the Initial Period, changes in my monthly payment will reflect changes in the unpaid Principal of my loan and the interest rate that I must pay. My monthly payment may change on the first Payment Change Date, and on the first day of every month thereafter.

Except as provided in section 4(H) of this Note, I will make monthly payments in the amounts as calculated in this section 4(G) until the next Payment Change Date.

(H) Calculation of Payment Changes and Payment Amounts from Month 121 until Maturity Date

Beginning on **DECEMBER 1, 2016**, and each month thereafter until the Maturity Date of the loan, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the projected Principal balance of the loan in full on the Maturity Date at the interest rate that becomes effective on each Change Date. Until the Maturity Date, I will make monthly payments in the amounts as calculated in this section 4(H) until the next Payment Change Date.

(I) Notice of Changes

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given to me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

5 BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due dates of my monthly payment unless the Note Holder agrees in writing to those changes. My partial Prepayment may reduce the amount of my monthly payments after the first Change Date following my partial Prepayment. However, any reduction due to my partial Prepayment may be offset by an interest rate increase. **THIS SECTION IS SUPERSEDED BY THE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.**

NLEZ PAY (07/06)

5 Year Fixed Rate, Payment Options, ADJUSTABLE RATE NOTE (12 Month MTA)

Online Documents Inc

Page 2 of 4

Initials

BWW
P5593NOT 0609

LOAN # [REDACTED]

6 LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

7 BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charges for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.000% of my overdue payment of Principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

8 GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

9 OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

10 WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. 'Presentment' means the right to require the Note Holder to demand payment of amounts due. 'Notice of Dishonor' means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11 UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, Lender shall not exercise this option if Applicable Law prohibits such exercise. Lender also shall not exercise this option if (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee, and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

NLEZ PAY (07/06)

5 Year Fixed Rate Payment Options ADJUSTABLE RATE NOTE (12 Month MTA)

Online Documents: Inc

Page 3 of 4

Initials: 

P5593NOT 0609

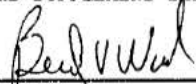
LOAN #: [REDACTED]

To the extent permitted by Applicable Law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

THE PROVISIONS CONTAINED IN THE "ADDENDUM TO NOTE", SIGNED BY ALL BORROWERS NAMED
HEREIN, ARE HEREBY INCORPORATED INTO AND SHALL AMEND AND SUPPLEMENT THIS NOTE




BERNARD V. WARD (Seal)

Pay to the order of

Without Recourse

NL Inc
A California Corporation


Erin Winburne
Closing Manager

MIN

LOAN #

**ADDENDUM TO NOTE
(PREPAYMENT)**

THIS ADDENDUM is made this **25TH** day of **OCTOBER, 2006**, and is incorporated and intended to form a part of the Note dated the same date as this Addendum

1 The Section in the Note entitled "Borrower's Right to Prepay" is modified to provide that I have the right to make payments of principal at any time before they are due. A prepayment of all of the unpaid principal is known as a "Full Prepayment." A prepayment of only part of the unpaid principal is known as a "Partial Prepayment."

Except as provided below, I may make a Full Prepayment or a Partial Prepayment at any time without paying any penalty. If within the first two (2) year(s) after the execution of the original Note, I make a Full Prepayment or Partial Prepayment(s) of more than twenty percent (20%) of the original principal amount in a twelve month period immediately preceding the date of prepayment, I will pay a prepayment charge in an amount equal to the payment of six (6) month's advance interest on the amount prepaid which is in excess of twenty percent (20%) of the original principal amount of the Note in that twelve month period. Interest will be calculated using the rate in effect at the time of prepayment.

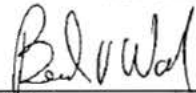
If I make a partial prepayment equal to one or more of my monthly payments, the due date of my next scheduled monthly payment may be advanced no more than one month. If I make a partial prepayment in any other amount, I must still make all subsequent monthly payments as scheduled.

2 All other provisions of the Note are unchanged by this Addendum and remain in full force and effect.

NOTICE TO THE BORROWER

DO NOT SIGN THIS NOTE ADDENDUM BEFORE YOU READ IT. THIS NOTE ADDENDUM PROVIDES FOR THE PAYMENT OF A PENALTY IF YOU WISH TO REPAY THE LOAN PRIOR TO THE DATE PROVIDED FOR REPAYMENT IN THE NOTE.

By signing below, Borrower accepts and agrees to the terms and covenants contained in this Note Addendum.



BERNARD V WARD (Seal)